



SOCIAL SECURITY

MEMORANDUM

Date: November 28, 2007

Refer To:

To: The Commissioner

From: Inspector General

Subject: Top Issues Facing Social Security Administration Management—Fiscal Year 2008

The *Reports Consolidation Act of 2000* requires that we summarize for inclusion in the Social Security Administration's (SSA) Performance and Accountability Report, our perspective on the most serious management and performance challenges facing SSA. We have determined that the top management issues facing SSA in Fiscal Year 2008 are: Social Security Number Protection, Management of the Disability Process, Improper Payments and Recovery of Overpayments, Internal Control Environment and Performance Management, Systems Security and Critical Infrastructure Protection, and Service Delivery and Electronic Government.

These areas are dynamic, so we encourage continuous feedback and additional areas to evaluate. Our summary of SSA's progress in addressing these management issues will be included in the Fiscal Year 2008 Performance and Accountability Report.

If you have any questions or need additional information, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

A handwritten signature in blue ink, reading 'Patrick P. O'Carroll, Jr.' with a stylized flourish at the end.

Patrick P. O'Carroll, Jr.

Attachment

cc:

David Rust

David Foster



Top Issues Facing Social Security Administration Management



Fiscal Year 2008

The *Reports Consolidation Act of 2000*¹ requires that we summarize, for inclusion in the Social Security Administration's (SSA) *Performance and Accountability Report*, our perspective on the most serious management and performance challenges facing SSA. Since 1997, we have provided our perspective on these management challenges to Congress, SSA and other key decisionmakers. In developing this year's list, we considered

- the four initiatives SSA has identified as priorities: Service, Stewardship, Solvency, and Staff;

- the most significant issues as outlined in the President's Management Agenda (PMA);
- SSA's progress in responding to the Office of Management and Budget's (OMB) Scorecard;
- the Inspector General's Strategic Plan;
- the high-risk list prepared by the Government Accountability Office (GAO); and
- our body of audit and investigative work.

Finally, we prepared a crosswalk to ensure there was no disconnect or gap among those reviewing SSA's programs and operations.

Crosswalk of OIG Management Challenges to PMA, SSA's Priorities, Social Security Advisory Board, and GAO Challenges

PMA	SSA Priorities	OIG Major Management Challenges	Social Security Advisory Board	GAO Performance and Accountability Challenges
Expanded Electronic Government	Service	Service Delivery & Electronic Government Management of the Disability Process	Service to the Public Disability Reform	Service Delivery Improve the Disability Determination Service Process and Return to Work Disability Insurance—High Risk
Improved Financial Performance Competitive Sourcing Budget and Performance Integration	Stewardship Solvency	Improper Payments & Recovery of Overpayments Systems Security/Critical Infrastructure Protection Social Security Number Protection Internal Control Environment and Performance Management	Social Security Number Case Handling Quality Social Security Number Misuse	Supplemental Security Income Information Security—High Risk
Strategic Management of Human Capital	Staff	Service Delivery & Electronic Government	Staffing Hiring Training	Human Capital—High Risk

¹ Pub. L. No. 106-531.

SOCIAL SECURITY NUMBER PROTECTION

In FY 2006, SSA issued over 17 million original and replacement Social Security number (SSN) cards and received approximately \$620 billion in employment taxes related to earnings under assigned SSNs. Protecting SSNs and properly posting the earnings reported under SSNs are critical to ensuring individuals entitled to benefits receive the full benefits due them.

Efforts to Protect the Social Security Number

The SSN has become a key to social, legal, and financial assimilation in this country. Because the SSN is so heavily relied on as an identifier, it is also valuable as an illegal commodity. Criminals improperly obtain SSNs by (1) presenting false documentation; (2) stealing another person's SSN; (3) purchasing an SSN; (4) using the SSN of a deceased individual; or (5) contriving an SSN by selecting any nine digits.

To improve controls in its enumeration process, SSA verifies all immigration documents before assigning SSNs to noncitizens. SSA also requires (1) mandatory interviews for all applicants for original SSNs who are age 12 or older (lowered from age 18) and (2) evidence of identity for all children, regardless of age. In addition, SSA has established Enumeration Centers in Brooklyn and Queens, New York; Las Vegas, Nevada; and Phoenix, Arizona, that focus exclusively on assigning SSNs and issuing SSN cards—and it plans to open several more in the future. Finally, SSA requires that field office personnel processing SSN applications use the Agency's *SS-5 Assistant*, a Microsoft Access-based application intended to increase control over the SSN application process, improve the quality of data used to assign an

SSN, and enable management to better control this workload. This program provides field office personnel processing SSN applications structured interview questions and requires certain data to complete the application process.

In addition to these improvements, SSA has implemented several enhancements that will better ensure SSN protection. These endeavors were required by the *Intelligence Reform and Terrorism Prevention Act of 2004* and include

- restricting the issuance of multiple replacement SSN cards to 3 per year and 10 in a lifetime;
- requiring independent verification of any birth record submitted by an individual to establish eligibility for an SSN, other than for purposes of enumeration at birth;
- coordinating with the Department of Homeland Security (DHS) and other agencies to further improve the security of Social Security cards and numbers; and
- strengthening the standards and requirements for identity documents presented with SSN applications to ensure the correct individual obtains the correct SSN.

We applaud the Agency for these efforts and believe it has made significant strides in providing greater protection for the SSN. Nevertheless, incidences of SSN misuse continue.

While SSA has implemented controls to prevent improper SSN assignment, we are concerned the Agency has few mechanisms to curb the unnecessary collection and use of SSNs. Our audit and investigative work have taught us that the more SSNs are unnecessarily used, the higher the probability that these numbers could be used to commit crimes throughout society. We are also concerned about the practice of assigning SSNs to noncitizens who will only be in the United States for a few months-but are allowed to obtain SSNs that are *valid for life*. We are currently examining the practice of allowing noncitizens who enter the country with a fiancé visa to obtain an SSN before marriage.

To further enhance SSN integrity, we believe SSA should

- support legislation to limit public and private entities' collection and use of SSNs and improve the protection of this information when obtained,
- work with the Internal Revenue Service to develop alternatives to assigning SSNs to noncitizens who may only be in the country for a few months,
- continue its efforts to safeguard and protect personally identifiable information, and
- continue to coordinate with partner agencies to pursue any relevant data sharing agreements.

The Social Security Number and Reported Earnings

Properly posting earnings ensures eligible individuals receive the full retirement, survivor and/or disability benefits due them. If earnings information is reported incorrectly or not reported at all, SSA cannot ensure all individuals entitled to benefits are receiving the correct payment amounts. In addition, SSA's programs depend on earnings information to determine whether an individual is eligible for benefits and to calculate the amount of benefit payments.

SSA spends scarce resources correcting earnings data when incorrect information is reported. The Earnings Suspense File is the Agency's record of annual wage reports for which wage earners' names and SSNs fail to match SSA's records. As of October 2006, the Earnings Suspense File had accumulated about \$586 billion in wages and 264 million wage items for Tax Years 1937 through 2004. In Tax Year 2004 alone, the Earnings Suspense File grew by \$66 billion in wages and 9.5 million wage items.

While SSA has limited control over the factors that cause erroneous wage reports submitted each year, there are still areas where the Agency can improve its processes. SSA can improve wage reporting by educating employers on reporting criteria, identifying and resolving employer reporting problems, encouraging greater use of the Agency's employee verification programs, and enhancing the employee verification feedback to provide employers with sufficient information on potential employee issues. SSA also needs to coordinate with other Federal agencies with separate, yet related, mandates, such as the Internal Revenue Service and DHS.

In our audits, we have encouraged SSA to increase collaboration with the IRS to achieve more accurate wage reporting, including cases where earnings are disclaimed by individuals and need to be removed from SSA and Internal Revenue Service records. Both the Internal Revenue Service and SSA have encountered cases where the name and SSN combination is correct and the wages are posted to an earner's record only to learn that the SSN owner did not work for the employer and is the victim of SSN misuse. In other cases, the earners reported fraudulent income in an attempt to gain SSA and/or Internal Revenue Service benefits. SSA needs to ensure it works closely with the Internal Revenue Service to remove such wages to (1) assist the SSN owners with earnings discrepancies, (2) minimize improper Internal Revenue Service tax assessments, and (3) reduce the chance of improper SSA and Internal Revenue Service payments based on incorrect information.

We have also encouraged greater collaboration with DHS on some of these employer and verification issues. For example, in a September 2006 audit, we identified vulnerabilities in DHS' Employment Eligibility Verification System or eVerify (formerly the Basic Pilot) and noted that coordination between DHS, SSA, and Internal Revenue Service would lead to more effective controls to minimize the potential misuse of this program. In the past year, SSA has met with DHS officials to discuss these issues and assist in the development of controls to protect sensitive data.

MANAGEMENT OF THE DISABILITY PROCESS

SSA needs to continue to improve critical parts of the disability process, such as making timely disability decisions and safeguarding the integrity of its disability programs. Modernizing Federal Disability Programs has been on GAO's high-risk list since 2003 due, in part, to outmoded concepts of disability, lengthy processing times, and inconsistencies in disability decisions across adjudicative levels and locations. The Federal Disability Programs include SSA's disability programs as well as the Department of Veterans Affairs disability program.

At the forefront of congressional and Agency concern is the timeliness of SSA's disability decisions at the hearings adjudicative level. The average processing time at the hearings level continues to increase—from 293 days in Fiscal Year (FY) 2001 to an estimated 512 days in FY 2007. Additionally, the hearings pending workload continues to increase. At the end of FY 2007, the preliminary pending workload was 746,744 cases—up from 392,387 cases in FY 2001.

As of May 2007, all State Disability Determination Services (DDS) and Offices of Disability Adjudication and Review (ODAR) are processing disability claims using the electronic folder. Processing disability claims electronically should reduce processing delays caused by organizing, mailing, locating, and reconstructing paper folders.

In August 2006, SSA implemented the Disability Service Improvement initiative in the Boston region—making significant changes in the Agency's disability programs, such as:

- A Quick Disability Determination process for individuals who are obviously disabled;
- A Medical-Vocational Expert System to enhance the quality and availability of the expertise needed to make accurate and timely decisions at all adjudicative levels;
- A Federal Reviewing Official to review initial level decisions upon the request of the claimant;
- Closing the record after the Administrative Law Judge issues a decision— allowing for the consideration of new and material evidence only under very limited circumstances; and
- A Decision Review Board to review Administrative Law Judge decisions and policies and procedures throughout the disability adjudication process.
- **Compassionate allowances** where SSA plans to build on the success of the Quick Disability Determination by increasing allowances on cases where disability is obvious.
- **Improved hearing office procedures** focused on accelerated and expanded efforts to address cases that have been waiting 1,000 days or more for a hearing – with the goal of having these cases to a negligible level by the end of FY 2007.
- **Increased adjudicatory capacity** which includes filling hearing dockets of current ALJs to capacity by increasing staff overtime, hiring approximately 150 ALJs and 600 to 700 additional support staff, streamlining folder assembly, and using personnel from other SSA components to assist the most affected hearing offices.
- **Using automation and business processes** such as the installation of video equipment in all hearings offices to improve case processing at all adjudicative levels.

The Quick Disability Determination process has shown success. By using a computer model, cases are identified where the individuals are obviously disabled and are likely to be allowed. The DDSs issued decisions on 97 percent of the Quick Disability Determination cases within the required 20 days with a mean decision time of 11 days. However, there are areas of Disability Service Improvement that have been identified as not performing as expected. SSA has taken steps to make corrections in these areas.

In light of the growing backlog of disability cases at SSA, the Commissioner of Social Security recently announced additional initiatives in an effort to reduce the hearings backlog by FY 2012. Many of these initiatives are either ongoing or anticipated to begin within the next few months. The Commissioner's initiatives focus on four main areas:

The Commissioner has proposed to amend SSA's regulations to (1) extend the Quick Disability Determination process to all DDSs and to remove the requirement that each case referred under Quick Disability Determination be adjudicated within 20 days and (2) suspend the review of new claims to the Federal Reviewing Official level and to remove the Medical Vocational Expert System/Office of Medical and Vocation Expertise from the disability adjudication process for new claims.

Disability Fraud

Fraud is an inherent risk in SSA's disability programs. Some unscrupulous people view SSA's disability benefits as money waiting to be taken. A key risk factor is individuals who feign or exaggerate symptoms to become eligible for disability benefits. Another key risk factor is the monitoring of medical improvements for disabled individuals to ensure those individuals who are no longer disabled are removed from the disability rolls.

We continue to work with SSA to address the integrity of the disability programs through the Cooperative Disability Investigations program. The Cooperative Disability Investigations program's mission is to obtain evidence that can resolve questions of fraud in SSA's disability claims. The Cooperative Disability Investigations program is managed in a cooperative effort between SSA's Offices of Operations, Inspector General, and Disability Programs. Since the program's inception in FY 1998 through May 2007, the 19 Cooperative Disability Investigations units, operating in 17 States, have been responsible for over \$813 million in projected savings to SSA's disability programs and over \$493 million in projected savings to non-SSA programs.

IMPROPER PAYMENTS AND RECOVERY OF OVERPAYMENTS

Improper payments are defined as any payment that should not have been made or was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Examples of improper payments include payments made to ineligible recipients, duplicate payments, and payments that are for the incorrect amount. Furthermore, the risk of improper payments increases in programs with a significant volume of transactions, complex criteria for computing payments, and an overemphasis on expediting payments.

SSA and the OIG have discussed such issues as detected versus undetected improper payments and avoidable versus unavoidable overpayments that are outside the Agency's control and a cost of doing business. OMB issued specific guidance to SSA to only include avoidable overpayments in its improper payment estimate because those payments can be reduced through changes in administrative actions. Unavoidable overpayments that result from legal or policy requirements are not to be included in SSA's improper payment estimate.

The President and Congress continue to express interest in measuring the universe of improper payments in the Government. In August 2001, OMB published the President's Management Agenda, which included a Government-wide initiative for improving financial performance, including reducing improper payments. The Improper Payments Information Act of 2002 was enacted in November 2002, and OMB issued guidance in May 2003 on implementing this law. In August 2006, OMB updated and revised this guidance. Significant updates to the guidance include new language to clarify the definition

of an improper payment and clarification of OMB's authority to require that agencies track programs with low error rates (that is, less than 2.5 percent) but significant improper payment amounts.

In FY 2006, SSA issued over \$575 billion in OASDI and SSI benefit payments to about 53 million people—and some improper payments are unavoidable. Since SSA is responsible for issuing timely benefit payments for complex entitlement programs to millions of people, even the slightest error in the overall process can result in millions of dollars in over- or underpayments.

In January 2007, OMB issued a report *Improving the Accuracy and Integrity of Federal Payments* that noted that eight Federal programs—including SSA's OASDI and SSI programs—accounted for more than 89 percent of the improper payments in FY 2006. However, this report also noted that the OASDI error rate dropped by one-tenth of 1 percent which translated to a \$401 million reduction in improper payments.

SSA has been working to improve its ability to prevent over- and underpayments by obtaining beneficiary information from independent sources sooner and using technology more effectively. For example, the Agency is continuing its efforts to prevent payments after a beneficiary dies through the use of Electronic Death Registration information. Also, the Agency's continuing disability review process is in place to identify and prevent beneficiaries who are no longer disabled from receiving payments.

In April 2006, we issued a report on overpayments in SSA's disability programs where we estimated that SSA had not detected about \$3.2 billion in overpayments from October 2003 through November 2005 as a result of conditions that existed as of October 2003 or earlier. We also estimated that SSA paid about \$2.1 billion in benefits annually to potentially ineligible beneficiaries. More recently, in the second quarter of FY 2007, SSA detected about \$293.7 million in new overpayments under its Disability Insurance program.

We will continue to work with SSA to identify and address improper payments in its programs. For example, in our November 2006 review, *Title II Disability Insurance Benefits with a Workers' Compensation Offset*, we found that the percentage of payments in error identified in this report declined significantly when compared to the percentage we reported in our prior Workers' Compensation Offset audits. However, although there has been improvement in reducing improper payments due to workers' compensation, we still identified about 25,377 disability insurance claims totaling approximately \$149 million that had payment errors. SSA agreed to implement the five recommendations we made regarding this workload.

INTERNAL CONTROL ENVIRONMENT AND PERFORMANCE MANAGEMENT

Sound management of public programs includes effective internal control and performance management. Internal control comprises the plans, methods and procedures used to meet missions, goals and objectives. SSA management is responsible for establishing and maintaining internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Similarly, SSA management is responsible for determining whether the programs it manages achieve intended objectives.

OMB Circular A-123 requires that SSA develop and implement cost-effective internal controls for results-oriented management. Internal controls are important when SSA works with third parties to help complete its important workloads. For example, disability determinations under Disability Insurance and Supplemental Security Income are performed by DDSs in each State. DDSs are responsible for determining claimants' disabilities and ensuring adequate evidence is available to support its determinations. SSA reimburses the DDS for 100 percent of allowable expenditures up to its approved funding authorization. We conduct audits of state DDSs to ensure the costs they claimed are allowable, and the DDSs have proper internal controls over the accounting and reporting of the administrative costs SSA reimburses.

From FY 2000 through September 2007, we conducted 61 DDS administrative cost audits. In 32 of the 61 audits, we identified internal control weaknesses and over \$110 million in questioned costs and/or funds that could be put to better use. Fourteen of the 61 audits conducted were completed in FY 2007. Six of these reports noted similar control weaknesses identified in DDS audits in previous years and over \$28 million of questioned costs and/or funds that could be put to better use. We believe the large dollar amounts claimed by State DDSs and the control issues we have identified warrant that this issue remains a major management challenge.

Another area that involves third parties and requires effective internal controls is the selection and oversight of contractors. Contracting is increasingly seen as an effective way to support Federal agencies in managing increasing workloads with diminished levels of staff. In FY 2006, SSA spent over \$820 million on contracts. We will review multiple contracts in FY 2008 to ensure SSA is getting the services it is paying for and that SSA has proper internal controls in place to ensure effective oversight of contractors.

Multiple initiatives have highlighted the importance of performance management. The Government Performance and Results Act requires that SSA develop multi-year strategic and annual performance plans that establish its strategic and performance goals. The PMA has focused on the integration of the budget and performance measurement processes. The PMA calls for agencies to identify high quality outcome measures, accurately monitor program performance, and integrate this presentation with associated costs. OMB developed the Program Assessment Rating Tool to identify government programs' strengths and weaknesses and inform funding and management decisions aimed at making the programs more effective. The Program Assessment Rating Tool includes a review of multiple factors that affect and reflect performance including program purpose and design; performance measurement, evaluations, and strategic planning; program management; and program results. In FY 2008, we will continue to assess SSA's ability to manage performance and meet the goals established to accomplish SSA's mission and serve the American public.

SYSTEMS SECURITY AND CRITICAL INFRASTRUCTURE PROTECTION

The vulnerability of critical infrastructures and the unique risks associated with networked computing have been recognized for some time. Federal Agencies rely heavily on information technology to run their daily operations and deliver products and services. With an increasing reliability on information technology, a growing complexity of Federal information technology infrastructure, and a constantly changing information security threat and risk environment, information security has become a mission-essential function. This function must be managed and governed to reduce the risks to Federal operations and to ensure the Government's ability to do business and serve the American public.

Federal agencies maintain significant amounts of information concerning individuals known as personally identifiable information. The loss of personally identifiable information can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. Agencies have a special duty to protect that information from loss and misuse. OMB issued three memorandums in FY 2006 regarding the protection of personally identifiable information.

SSA's information security challenge is to understand and mitigate system vulnerabilities. At SSA, this means ensuring the security of its critical information infrastructure and sensitive data. A recent incident of the massive loss of personally identifiable information of a Federal agency demonstrates the importance of data security. The public will be reluctant to use electronic access to SSA services if it does not believe the Agency's systems and data are secure. Without due diligence, sensitive information can become available to those who are not entitled to it and may use it for personal gain. To address increasing workloads and the changing work environment, SSA constantly introduces new technologies, such as the Internet Protocol version 6 (IPv6) and Voice Over Internet Protocol (VoIP). New technology often brings advantages but also presents new security challenges. SSA needs to understand and address potential risks before such technology is implemented.

SSA addresses critical information infrastructure and systems security in a variety of ways. For example, it has created a Critical Infrastructure Protection work group that works toward compliance with various directives, such as the Homeland Security Presidential Directives (HSPD) and the Federal Information Security Management Act of 2002 (FISMA). SSA created pages on its Intranet site on how to properly protect PII. In addition, SSA plans to minimize the risks associated with a single, national computing facility by acquiring a second, fully functional, co-processing data center.

HSPD 12 mandates the development of a common identification standard for all Federal employees and contractors. Federal Information Processing Standard 201, entitled Personal Identity Verification (PIV) of Federal Employees and Contractors, was developed to satisfy the requirements of HSPD 12. SSA worked with other agencies and OMB to address HSPD 12 and comply with PIV I. To date, the HSPD 12 identity proofing has been completed for all employees. Registration and issuance of HSPD 12 credentials is in the rollout phase in Headquarters as well as in Region 2.

Under FISMA, we annually evaluate SSA's security program. FISMA requires Agencies to institute a sound information security program and framework. Since the inception of FISMA, we have worked with the Agency to ensure prompt resolution of security issues. The House Government Reform Committee rated the Agency "A" in 2006 on computer security based on its compliance with FISMA.

We continuously monitor the Agency's efforts to protect PII as well as its implementation of new technology, such as IPv6 and VoIP, to ensure the information security program is operating effectively.

SERVICE DELIVERY AND ELECTRONIC GOVERNMENT

One of SSA's goals is to deliver high-quality, "citizen-centered" service. This goal encompasses traditional and electronic services to applicants for benefits, beneficiaries and the general public. It includes services to and from States, other agencies, third parties, employers and other organizations, including financial institutions and medical providers. This area includes such areas as the Medicare Prescription Drug Program, the Representative Payee Process, Electronic Government and Managing Human Capital.

Medicare Prescription Drug Program

The *Medicare Prescription Drug, Improvement and Modernization Act of 2003* requires that SSA undertake several Medicare-related responsibilities. This includes making initial low-income subsidy determinations under Medicare Part D, establishing appeals procedures for subsidy eligibility determinations, and periodically reviewing income and resources to verify continued eligibility.

By February 2007, SSA had rendered over 4.6 million low-income subsidy eligibility decisions, awarding subsidies to approximately 2.1 million applicants and denying subsidies to approximately 2.5 million applicants. Approximately 80,000 individuals whose applications for low income subsidy were denied by SSA, appealed those denial decisions.

Representative Payee Process

When SSA determines a beneficiary cannot manage his or her benefits, SSA selects a representative payee who must use the payments for the beneficiary's interests. SSA

reports there are approximately 5.3 million representative payees who manage about \$49.9 billion in annual benefit payments for approximately 7.1 million beneficiaries. While representative payees provide a valuable service for beneficiaries, SSA must provide appropriate safeguards to ensure they meet their responsibilities to the beneficiaries they serve. In addition, the Social Security Protection Act of 2004 requires that SSA conduct periodic site reviews of certain types of representative payees. As of June 2007, SSA staff reports that approximately 2,800 organizational representative payees serving 50 or more beneficiaries, 370 individual payees serving 15 or more beneficiaries, and 1,060 representative payees who are authorized to collect a fee are subject to these periodic reviews. During these reviews, SSA assesses the representative payee's performance by examining beneficiaries' records, reviewing the representative payee's financial records, and interviewing beneficiaries. Finally, if a representative payee is problematic or SSA suspects representative payee misuse of benefits, it will request an audit or investigation by our Office.

In a July 2007 study of individual representative payees serving 14 or fewer beneficiaries and non-fee-for-service organizational payees serving fewer than 50 beneficiaries, the National Academy of Sciences (NAS) reported that SSA should take steps to better prevent and detect misuse of beneficiary funds. In addition, NAS concluded that SSA's current methods to detect misuse of benefits are not reliable. As such, the NAS recommended that SSA conduct targeted reviews of those representative payees most likely to misuse benefits. NAS estimated this approach would identify about 7,000 cases of misuse and another 7,000 cases of possible misuse. To identify those representative payees most likely to commit misuse, we are planning a

review to determine whether certain characteristics of representative payees—as identified by NAS—result in an increased risk of misuse. In addition, we are planning a review of individual representative payees who act as organizations or operate “group homes,” which NAS believes need more thorough monitoring.

Electronic Government

Electronic Government has changed the way government operates and the way citizens relate to Government. Americans are taking advantage of e-Government services offered to them. In the near future, SSA expects to provide cost-effective e-Government services to citizens, businesses and other government agencies that will allow them to easily and securely transact most of their business with SSA electronically. SSA has five goals in support of this vision.

1. Offer citizens the e-Government services they want and need.
2. Protect on-line security and privacy and the integrity of the SSA benefit payment process.
3. Pursue e-Government partnerships and collaborations with other government agencies and private sector organizations.
4. Implement e-Government programs that offer sound business case justification.
5. Align the organization and invest in human capital to maximize e-Government progress.

SSA’s e-Government strategy is based on the deployment of high volume, high payoff applications for both the public and the Agency’s business partners. To meet increasing public demands, SSA has pursued a portfolio of services that include on-line and

voice-enabled telephone transactions to increase opportunities for the public to conduct SSA business electronically in a private and secure environment.

Managing Human Capital

SSA, like many other Federal agencies, is being challenged to address its human capital shortfalls. As of January 2007, GAO continued to identify strategic human capital management on its list of high-risk Federal programs and operations. GAO initially identified strategic human capital management as high-risk in January 2001. In addition, Strategic Management of Human Capital is one of five Government-wide initiatives contained in the PMA.

By the end of 2012, SSA projects its Disability Insurance rolls will have increased by 35 percent. Further, by FY 2015, 54 percent of current SSA employees will be eligible to retire. This will result in a loss of institutional knowledge that will affect SSA’s ability to deliver quality service to the public. This, combined with the workload increase and the incredible pace of technological change, will have a profound impact on the public’s expectations and SSA’s ability to meet those expectations.

SSA’s service and staffing challenges must be addressed by succession planning, strong recruitment and retention efforts, increased training, and the effective use of technology. As of June 30, 2007, SSA had scored “green” in “Current Status” and “Progress in Implementing the President’s Management Agenda” in Human Capital on the Executive Branch Management Scorecard. The scorecard tracks how well the departments and major agencies are executing the five government-wide management initiatives.